

MEMORANDUM OF AGREEMENT REGARDING THE PAYMENT IN LIEU OF TAXES
FOR THE STATE TRANSPORTATION BUILDING, LOCATED IN THE PARK SQUARE
AREA OF THE CITY OF BOSTON AND FUNDING OF CERTAIN STREET
IMPROVEMENTS AND UTILITY RELOCATION FOR SAID BUILDING

This Memorandum of Agreement, made this _____ day of February, 1984, by and between the State Division of Capital Planning and Operations (DCPO) and the Boston Redevelopment Authority (BRA), in accordance with the Letter of Interest dated November 17, 1976 in which the Commonwealth stated its intention to be designated the developer for certain subparcels of the Park Plaza Urban Renewal area for the purposes of constructing the State Transportation Building.

- 1.1 Over the last four years, the Commonwealth of Massachusetts has constructed the State Transportation Building in the Park Plaza Urban Renewal area. As part of this project, the Commonwealth acquired several parcels of taxable land and buildings which no longer provide real estate tax revenue to the City as a result of their present tax-exempt status.
- 1.2 The approximate value of taxes annually paid to the City for land and buildings subsequently taken by the Commonwealth for construction of the Transportation Building would have been \$400,000 as adjusted for fiscal year 1984.
- 1.3 During the construction period of this project, which for the purposes of this agreement shall be considered a portion of fiscal year 1979, and all of fiscal years 1980, 1981, 1982, and 1983, the taxes that were not paid to the City for the land and buildings taken by the Commonwealth are estimated to be \$2,383,732, for the purposes of this Agreement.
- 1.4 Through the Transportation Building project, DCPO has incurred substantial costs for City sidewalk improvements and utility relocation on sites planned as future City street area, which cost on behalf of the City and BRA is established as \$1,481,043.
- 1.5 The Commonwealth currently controls certain land parcels identified on Attachment "A". The DCPO with the cooperation of the DPW agrees to transfer full control of those parcels to the City to be developed by the BRA in accordance with the Park Plaza Urban Renewal Plan. The estimated value of those parcels is estimated to be \$500,000 for the purpose of this Agreement.
- 1.6 It is recognized that the planned mixed-use nature of the State Transportation Building will contribute to the revitalization of the Park Square area and therefore provide direct and indirect benefits to the City. Further, the developer of the building's retail center will be responsible for paying property taxes directly to the City for those portions of the Building that will be leased to the developer by the Commonwealth.

- 1.7 The DCPO and the BRA agree that the mutual consideration described in Items 1.1 through 1.6 shall be considered to offset one another, and the Commonwealth shall have no further claim against the City, and the City shall have no further claim against the Commonwealth, for any obligations referred to above.
- 1.8 Beginning in fiscal year 1984 the DCPO and the BRA agree that the Commonwealth should make a payment in lieu of taxes to the City for the Transportation Building in an amount of \$400,000 annually.
- 1.9 Beginning in fiscal year 1985 and subsequently thereafter, until fiscal year 1994, the DCPO and the BRA agree that the payment in Item 1.8 shall be used as a base amount, subject to an annual compounded inflationary adjustment equivalent to 2.5 percent. The 2.5 percent inflationary factor is agreed to as representing an appropriate adjustment based on the maximum allowable local tax levy increase, as mandated by Proposition 2-1/2. This inflation factor will allow the Transportation Building payment in lieu of taxes to remain roughly constant as a proportion of the City's total tax levy.
- 2.0 Beginning in fiscal year 1994, representatives from the Commonwealth and the City will review the amount of the inflationary adjustment that will be applicable to payments made in fiscal 1994 and thereafter.
- 2.1 DCPO agrees to make every effort necessary to obtain legislative approval of the payment in lieu of taxes formula outlined in Items 1.8, 1.9, and 2.0.
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IN WITNESS HEREOF, the parties hereto have executed this Memorandum of Agreement the date first written above.

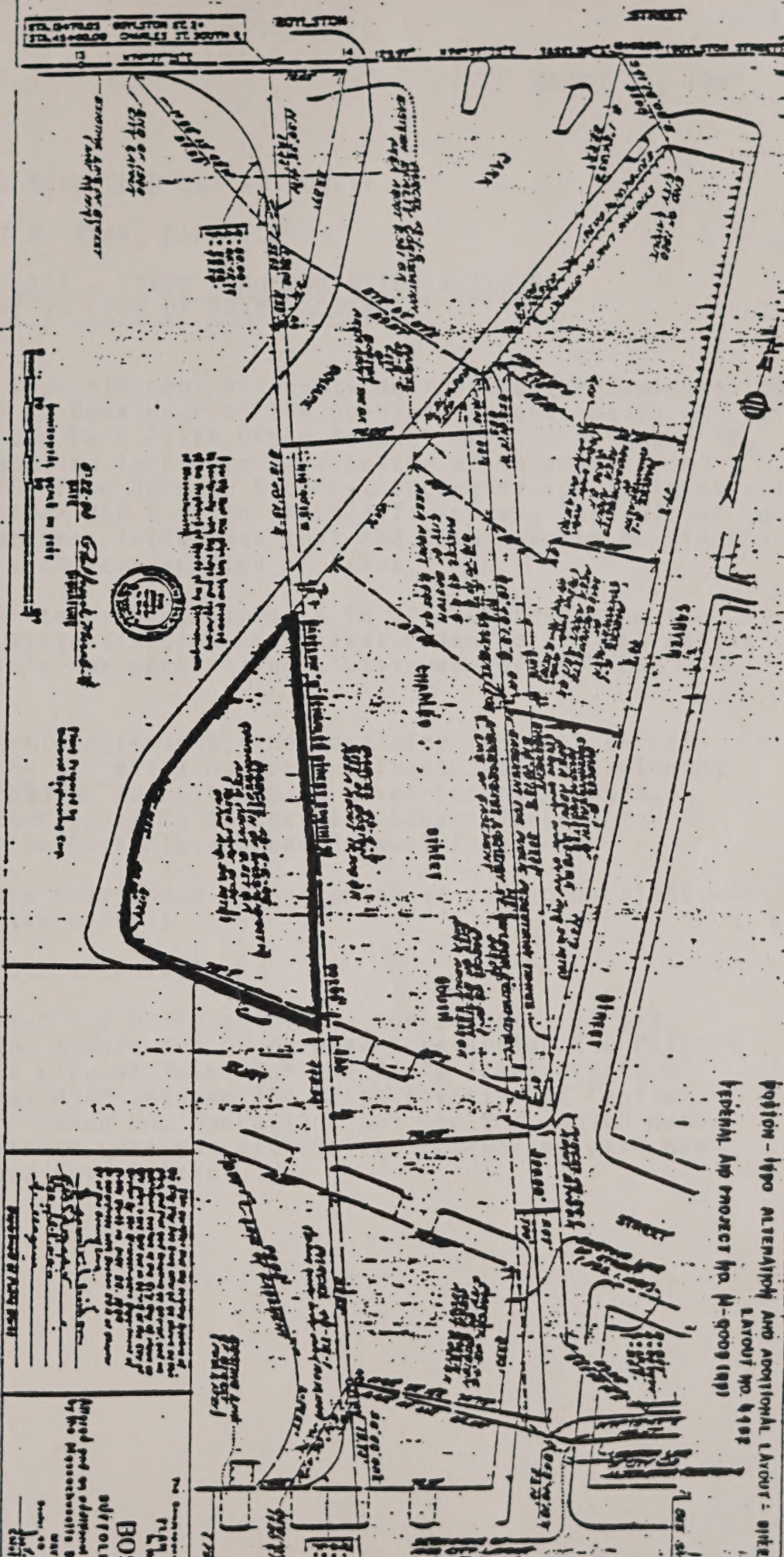
TUNNEY F. LEE
Deputy Commissioner
Division of Capital Planning
and Operations

ROBERT RYAN
Director
Boston Redevelopment Authority

D.C.P.O. Counsel

B.R.A. Counsel

Position - 1800 ALTERNATIVE AND ADDITIONAL LAYOUT - SHEET
 FEDERAL AIR PROJECT NO. 4492



Approved and on behalf of the Department of Defense
 by the Department of Defense
 Date: 10/1/50
 Signature: [Signature]
 Title: [Title]

ATTACHMENT A

Parcel indicated in Heavy Line

MEMORANDUM

MARCH 15, 1984

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: PARK PLAZA - STATE TRANSPORTATION BUILDING
PAYMENT IN LIEU OF TAXES AGREEMENT

4421

The Boston Redevelopment Authority designated the Commonwealth of Massachusetts as Developer of the Charles/Tremont sub-parcel of Parcel 3 within the Park Plaza Urban Renewal Area on November 18, 1976. The designation incorporated a Letter of Interest dated November 17, 1976, from John R. Buckley, Secretary for Administration and Finance, to then BRA Director Robert T. Kenney. One of the terms and conditions of this letter was that the Commonwealth pay to the City "an amount each year in lieu of taxes."

An agreement concerning payments in lieu of taxes has been finalized. The State Division of Capital Planning and Operations will be responsible for seeking legislative approval of the agreement.

As part of this agreement, the remaining residual parcels resulting from the State taking for the Transportation Building will be transferred to the City to be developed by the BRA, together with other parcels, as the Park Square Parcel, in accordance with the Park Plaza Urban Renewal Plan.

A copy of the Memorandum of Agreement is attached, along with the map showing the parcels.

An appropriate vote follows:

VOTED: That the Board authorize the Director to sign the Memorandum of Agreement Regarding the Payment in Lieu of Taxes for the State Transportation Building between the State Division of Capital Planning and Operations and the BRA, which memorandum sets out methods for payment of past due and future taxes.

Attachments

